WEEKLY ECONOMIC REVIEW

October 6, 2006

The U.S. economy added just 51,000 jobs in September – the smallest gain in eleven months, and well below the 120,000 that markets had been expecting. The September employment report provided further evidence of a slowing U.S. economy. Earlier in the week, Federal Reserve Chairman Ben Bernanke suggested that the current slowdown in the U.S. housing market would reduce U.S. economic growth by about 1 percentage point in the second half of 2006, and also limit growth in 2007.

Canadian employment rose by over 16,000 in September - roughly in line with market expectations, and the first increase in four months. The manufacturing sector recovered some of its recent losses, adding 19,000 jobs last month. Nevertheless, Canadian manufacturing employment is down by 67,000 (3.1 per cent) to date in 2006.

Despite uncertainties relating to the U.S. economic outlook, there was evidence of underlying strength in Canada's domestic economy this week. In August, Canadian building permits (an indicator of planned construction activity) rose 8.3 per cent, to their second-highest level on record.

Cdn Dollar (C¢/US$)

Oct. 6, 2006	88.8¢
Sept. 29, 2006	89.7¢
2006-07 YTD	89.2¢

WTI Oil SUS/bbl

Oct. 5, 2006	$60.03
Sept. 28, 2006	$62.76
2006-07 YTD	$70.68

Nymex Natural Gas CS/mcf*

November Contract

Oct. 6, 2006	$6.94
Sept. 29, 2006	$5.98

*Estimate based on Nymex Futures Market Price

In Alberta, the outlook for construction activity remains buoyant. Alberta building permits jumped 8.8 percent in August, led by 36.5 per cent surge in non-residential permits (residential permits declined by 4.4 per cent). Through the first eight months of 2006, Alberta's total building permits are up 34.3 per cent from the same period in 2005.

Oil prices touched a 7-month low of just under US$59 this week amid continuing evidence of ample global oil supplies. Renewed hints that OPEC may announce cuts in production later this year provided the only notable source of support to prices in a generally nervous oil market.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date
Employment	**September**			
Alberta	+1,800	0.1%	5.4%	4.3%
Canada	+16,200	0.1%	1.9%	2.0%
United States	+51,000	0.0%	1.3%	1.4%
Building Permits ($ Millions)	**August**			
Alberta	1,222	8.8%	45.3%	34.3%
Canada	5,775	8.3%	7.5%	9.0%
Rigs Drilling	**September**			
Alberta	318	-18.7%	-19.0%	8.9%

Source: Statistics Canada, U.S Bureau of Labour Statistics

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-September 2006 versus January-September 2005*